



Mental Health and Disability Services Redesign

Transition Committee Meeting Minutes

Tuesday, July 31, 2012
10:00 am – 3:00 pm
Iowa State Capitol, Room 103
1007 E. Grand Ave.
Des Moines, IA

Attendance

Committee Members: Jack Guenthner, Charles Palmer, Teresa Bomhoff, Jack Willey, Jan Heikes, Patrick Schmitz, Holly Fokkena, Robert Brownell, John Severtson, Rep. Dave Heaton, Bob Lincoln, Nancy Tretina, Holly Fokkena, Sen. Jack Hatch

Facilitator: Steve Day, Technical Assistance Collaborative (TAC)

DHS Staff: Rick Shults, Theresa Armstrong, Robyn Wilson, Julie Jetter, Lauren Erickson

Other Attendees:

Dan Strellner	ABBE Inc.
Linda Brundies	Ombudsman
Dawn Everding	Bremer County
Jan Heidemann	Bremer County
Dan Royer	Iowa Hospital Association
Jess Benson	Legislative Services Agency (LSA)
Annie Uetz	Polk County
Kenney Pennington	Magellan Health
Maria Montenaro	Magellan Health
Shelly Chandler	Iowa Association of Community Providers
Amy Campbell	(No affiliation)
Zeke Furlong	House Democratic Staff
Brad Trow	House Republicans
Pam Railsback	Long Term Care Ombudsman

Welcome and Introductions

Introductory remarks from Director Palmer:

Our interests are in what is going on with transition, especially in identifying what we can do in the short run in regards to problem solving, and making recommendations to the legislature. At each of these meetings we will be doing a review of what is

going on in the counties. Most issues tend to be county specific but have been generalized to be a statewide issue. We need to try to determine which issues are county specific and which issues are systemic.

Summary of redesign legislation-Rick Shults (DHS; Division Administrator, Mental Health and Disability Services)

Rick reviewed the legislative summary document.

http://www.dhs.state.ia.us/docs/MHDSRedesignLegisOverview_Jul242012_072612.pdf

Question: When do you think we'll have the data available to make the call on the expansion for DD/ BI?

Rick Shults: BI workgroup provided some recommendations, and DHS will meet with that group to gather additional information. DD expansion will require actuary data; we will be doing that later this fiscal year.

Remarks from Sen. Jack Hatch:

We have extraordinary services throughout the state, but no one could get their arms around the system. As a system, we couldn't tell if people were getting service they need. We pulled it together with Reps. Heaton and Schulte and colleagues in the senate. Everyone from the Department and our colleagues performed well. One of the goals is to find out what we need to change next year. We will be perfecting this legislation for a long time; we need to note areas we need to improve or clarify and areas where we need to retreat.

Clarification of committee's charge

Director Palmer reviewed the mission statement.

http://www.dhs.state.ia.us/docs/TransitionCommittee_Charge_FINAL_072012.pdf

This committee needs to oversee this transition process to identify issues, see what can be problem solved in short term, and what adjustments we can make in the next session.

Update on status of transition (Julie Jetter and Robyn Wilson; Community Systems Consultants-DHS, Division of Mental Health and Disability Services)

Remarks from Julie and Robyn:

Robyn and Julie reviewed what they have found from working with counties. They have visited 75 counties in the past 6 weeks.

Most counties are in discussions with other counties regarding forming regions and are at different points in the decision making process. Discussions at this point are showing about 14 regions, ranging from 2-19 counties with populations ranging from 30,500 to 383,000. One region has sent an official letter of intent to the Department.

Question: There is a maximum number population wise, but is there a minimum?

Answer: The population maximum was removed from SF2315.

County Issues

1. 18 counties have waiting lists. Nearly all of these waiting lists were established before July 2, 2012. Some have been in existence for many years. Redesign is

making the issue more visible. The services that have waiting lists vary by county, and number of individuals on the waiting lists varies as well. No county can put emergency services on waiting lists.

2. A few Residential care Facilities (RCFs) are struggling with reduced censes. Counties are looking at funding individuals differently and expecting Medicaid funded services to be utilized.

Question: Are counties saying they are going to stop funding current services?

Robyn: If counties have outstanding bills, DHS is working with them to prioritize expenditures.

Comment: In our county we decided to cut back services, we are against transferring other funds to cover it. I suspect there are other counties that might do the same.

Question: Are there any counties that chose to transfer funds in hopes they get transition funds?

Answer: There are 2 counties that have chosen to transfer funds.

Question: How can a county move someone from an RCF who was court ordered to be there if a judge says they have to be there?

Response: It's become more of a team effort, working with psychiatrist to identify services that would be appropriate in the community and working with the judge to change the court order.

3. Sheltered work and work activity/day programs are another issue. Individuals are to access any other funding source they are eligible for prior to utilizing county-funded services. Counties are identifying other funding services (Medicaid) and encouraging usage of those funds. People's work and sheltered workshop funding is being reduced or they are being asked to apply for Medicaid funding for pre vocational services, day habilitation, etc., and providers are gearing up to provide for those other services.

Comment: The concern from providers is that they cannot show a positive cash flow with supported employment. We don't have policies that support this.

Comment: There is the financial issue. We need to look at the reimbursement level. We have made transitions in our counties for most individuals, except for people who have worked in a workshop for a long time; it's hard to tell someone that after 30 years they need to get a new job. Some allowance is needed for people who have been in that setting and we need to support them in their choices. We need to be open to all options.

4. Budget and finance. Had system continued as it was, this financial problem would probably be bigger than it is now. Most of the counties with financial issues have had these issues or would have had these issues with or without Redesign. 47 of 75 counties we've visited are okay. 5 counties have some short term issues, which include cash flow issues for the first 3 months of FY 2014 until they get levy funds. 23 have long-term issues that won't be addressed in next couple years. The 23 counties have a variety of issues. Some won't have revenue to pay for non-Medicaid services. Some don't have enough revenue to provide services

or pay Medicaid bills. There are 24 counties that we have not yet visited. We will continue to work on this.

Question: Did the 2 counties that transferred funds do that with expectation that Transition Fund would be around or do they have another way to pay that?

Response: One did plan on the Transition Fund; one did not necessarily plan on it.

Question: Can you correlate counties with long-term issues to those with waiting lists?

Response: Yes

Question: How will this affect their attractiveness as a region partner?

Response: Some counties with problems are looking at this, and are trimming down services and focusing on community services, and will have a pretty attractive service package at that time.

Question: Are they cutting services? Or could people be transferred into inadequate services?

Response: They are doing a good job of meeting needs.

5. The final issue is outstanding billings. The majority are Medicaid bills that counties owe. Numerous counties still are not able to fully pay state Medicaid bills because of cash flow issues or uncertainty in levy money.

Question: Do we know difference between providers that are not being paid versus the state?

Response: The state pays the provider for Medicaid services then bills counties, so the providers are paid but the state may not be.

Question: Do we have a dollar amount on that?

Response: They were not totaled, so no.

Question: Are there any counties at 100% that aren't paying local providers?

Response: Not that we are aware of.

Question: Can you talk about challenges at the county level, what are the barriers aside from financial issues?

Response: CPCs are looking to the services areas individuals receive and supervisors have counties they are comfortable working with. There are a couple of areas where boards of supervisors are very serious and doing internal letters of intent. Even if 10-12 counties are thinking about it, they are starting to get serious about getting details and some of their perimeter counties have sometimes been looking at other places because they aren't comfortable yet.

Question: Counties are paying providers, but are there situations where the county has changed their plan but not given adequate time for transition?

Response: Some initial notices went out, but as a whole the process is being followed.

Director Palmer: We were looking at a \$65 million deficit coming into this year. Iowa's good financial situation will continue to drive down Federal Medicaid Assistance

Percentage (FMAP) and this will affect the state. We're looking at 1-2% loss in federal match in the next two years.

Public Comment

Comment: Concerned about vocational services and programming and alternative to 100% county funding for these services. Through MHDS, IME and IVRS have started to work closely together. They started program with 6 providers will start in October to provide rate restructuring for supported employment. It is not addressing issue we are facing that people are getting their services cut. Providers/clients who get denied pre-vocational services have the only option of day services, where there is not a wage available. There are bumps in the road and people are being affected.

RCFs: There are 3 RCFs where people have received a Notice of Decision; there have been notices sent out that the counties will no longer pay services. The provider is responsible under Iowa Code not to discharge client, the provider is responsible/mandated to provide services until another alternative is found. A lot of work by case managers and CPCs but there aren't a lot of alternatives other than Medicaid. It is a significant concern.

Group discussion on transition issues

Comments:

- Two issues keep coming up:
 - 1- The original purpose was that we would start from where we were, and then build. Unfortunately, the focus on keeping people in services for as long as possible has slipped off radar. Supervisors, CPCs, the state, the primary purpose of their actions should be to keep people in services so no one loses anything.
 - 2- People are concerned about what will happen if we don't participate in the Medicaid expansion.
- There was a possibility of an 11 county region in Northwest Iowa, but it probably will not turn out that way. The primary reason is not knowing who is financially healthy right now and who will be in the future. The other one would be the desire not to get too big. One question that came up, if there is an adjoining county that is not financially solvent, will a region be forced to take that county if the state assigns it to that regions? The last thing that has surfaced is depending on size of region, do we need a full time CEO or can it be part time?
- We spent a lot of time at the last Commission meeting talking about the county exemption waiver. We talked about the type of application for counties to apply to be a waiver county and stand-alone. Stand-alone counties need to prove they can meet requirements set out in legislation, and counties and regions should be able to offer a choice. When you contract with provider, is that assuring a consumer that they have choice? We also talked about when you look at a county that is requesting to be a waiver, how does that negatively affect the surrounding counties? If that county provides the qualified hospital and inpatient services, if the surrounding counties do not have that, where are they going to

get it? We thought they should do a study of how they will impact surrounding counties. If people apply for waivers and contract with providers, then basically all 99 counties could request a waiver. The commission feels very strongly that we need to follow the legislature's guidance. It cannot be impossible for people to get a waiver, but standards should be set very high. They need to have services, be sustainable, and be accountable. One of the things not in legislation, if people applied waiver and are denied, we did not see an appeal process.

- We are in a region where we have 8 counties with a unified plan. As CPCs we thought we had already done a lot of the work and thought we would move ahead, but that's not the case with the supervisors. We tend to look at it as a regional service arena; they tend to look at it as whom they want to work with. One county has significant fund balance, do they need to bring it in and pay for other counties who don't have funds or are withholding state bills? It is going to take time, but it will start to get answered. And there is concern by the RCFs that they're going to be pushed out.

Question: Are there anything specific to regionalization with RCFs (requirements, regional plan) that is driving that concern?

Response: There's been a lot of communication from the RCFs saying that Redesign will push them out of business. RCFs need to know more about sub-acute and crisis services.

Response: It is the position right now of supervisors. As they look forward to next year, RCFs and workshops are locations that are in the Core Services. The emphasis is to stick to the Core Services, and some supervisors have decided not to pay for services in these settings.

Response: In our area it is done on individual client basis, it happens if it is appropriate.

Response: They are taking a great leap in making their decisions. The legislation just has service domains and those are examples of what is appropriate. Regions have to determine if they are appropriate, and if it is appropriate in that county.

Response: But the region has not been developed yet. The county is making an individual decision.

- I'm worried about the timeline especially with Transition Funds and application. We are looking at months before this can even happen even under emergency rulemaking funds. The point was to make this uniform, but we are still seeing regional variance. So we have decreased the number of plans but have not eliminated variance. Another question is the sustainability of regions. How do they sustain themselves if they are a large entity with a large number of staff, how do they stay under administrative cap, how do they stay afloat while providing services?

Response: That's an important point, when you look long term. Counties are in charge of non-Medicaid spending and the cap is still in place. How long can we go on with the cap still in place?

Response: It will also be difficult to do anything population based. Some counties increase in population, some decrease.

Response: You cannot do it on valuation either; it will have to be a mixed formula that takes valuation and population into account.

Response: That's what we have done. The per-person funding that the levy has been set at a per capita basis.

Response: Is this going to be like system today, some areas will provide more services. The point was to make services uniform, so going to Core Plus is taking us right back to where we are at the present.

Response: How is the \$47.28 levy established? Some counties will lose hundreds of thousands of dollars. It's a huge concern; the legislature will look at levy rate and can make adjustments.

- How will the people who have lost services get reinstated? The same with regionalization; we need uniformity across the state.
- Really concerned about the counties who have transferred into Fund 10. Not sure if that will be repaid by the Mental Health levy, if they do not have funds today, they might not have funds in the long term either. Going back to the 2 counties who have borrowed, their supervisors will have to be willing to repay that money from those counties. It is not fair to only look at counties who are in a good place. The whole point of this is to alleviate ups and downs. Other issue is balance of unpaid fund to state to FY 2012, I want to know amount, and look at how it can affect transition fund and the use of those funds. Going to have to be done in retrospect to alleviate those shortfalls.

Question: When we talk about Transition Funds, have we thought about how much if any can be used to pay the state versus to pay for services? We have to be cautious to not use all of Transition Funds to pay Medicaid bills, but also to provide services.

Answer: When the legislature discussed Transition Funds, the thinking was not to pay the state bills. The issue was to give counties confidence that we would provide resources to facilitate the transition.

Question: Then what was in the legislator's minds that would be the costs that would need to be recovered?

Response: The wording in the bill is allocation for continuation of current MHDS services.

Question: Should there be any discussion about counties being able to use them to pay Medicaid bills. The money comes from CHIP, is that even allowed?

Director Palmer: No, you cannot use money from the federal government as part of your state match to pay Medicaid bills.

- One of the issues is a Medicaid billing issue. Another issue is the variation in eligibility requirements with respect to the Federal Poverty Level (FPL). We need to look at the financial health of other counties; people are making decisions based on the per capita rate of \$47.28 so we need to look at the criteria for fund balance. If a county offers more than the core services, we understand that they cannot apply for Transition Funds. Do we need to limit spending for those services? Does the act of applying for Transition Funding encourage them to eliminate those services?

- One question is in creating a system where one set pays Medicaid, and the Regions pay non-Medicaid, our continual problem will be to make sure that does not negatively impact someone because they go through one door or the other. It should not matter if someone is eligible for Medicaid or not, the key question is what they need to support them in their lives.
- I am empathetic to the challenges expressed; CSS's (Community Service System) experience has been the opposite, we have seen lots of new opportunities. Before redesign we were at 8 counties, now we are at 17. The new members are very energized at opportunities to reduce barriers and improve services. We are talking very seriously about the RCF issue; it's a great opportunity, not a problem. We've wrestled with this issue for years. Now we have a good Medicaid platform if we can help the RCFs move through the transition. The way CSS sees this transition is we need crisis stabilization as a fallback but you need to build ACT capacity, like the urban counties. We need to get Mental Health centers to change to more of a front door mindset, an evaluation mindset instead of relying on hospitals. We're looking at how we can wrestle with sheltered workshops. It opens up a lot of opportunities for us to take advantage of. We would always be talking about money, even if we were not having the transition issues. The state put some serious money into the situation; it would have been much starker. The \$47.28 gives you something to plan on; it allows you to look forward a few years. We never knew ending fund balance and it led to volatility of the system.

Question: Did we put a limit on amount that can be used for administrative costs?

Director Palmer: The Department is working with LSA and will come up with recommendation for a limit. The issue was what do you use as the denominator? If you use the entire Medicaid amount it would have been a large figure. As you narrow it down and relate it to levy, that makes it more difficult. The other question is what constitutes an administrative cost.

Purpose of Transition fund

Rick Shults briefly reviewed Section 23 of SF 2315.

The MHDS Commission has established a workgroup to look at Transition funds.

http://www.dhs.state.ia.us/docs/MDHS_CommissionInput_07-30-2012_080812.pdf

Comments from Commission:

- We talk about wanting some definitions. Do we want to make a recommendation for the definition of core services? You can have different interpretations that allow people to get services. Do we want definitions for sustainability plan and independent verification? Another definition is the word "current" because it says current core services, but what do we mean by current? Also some comment about if it includes one-time money for one-time needs? Is it going to include updating IT, assessment tools, financing or transition costs from RCFs to community living? Instead of focusing on the word "one time" funding, we should concentrate and state what the purpose of the funds are for-to keep people in services for as long as possible.

Question: Can we define what having the application independently verified means? We have an annual audit in November, but this falls outside of our normal audit time. There is concern about the time frame.

Response: One of the things we need to be careful of is what we ask independent people to verify. It can be costly and time consuming. We need to be in touch with CPAs and find some wording to make the accounting community comfortable with the scope of audit and what they will be expected to do. A full audit wouldn't meet our timeframes.

Question: Are we requiring counties requesting these funds to submit regional plans so their need can be based on that need?

Answer: No, because regional plans are not due until 4/1/13.

Question: How do we look at the scope of services when compared to other counties?

Response: DHS can do this outside of the application; DHS has this data. The Fund can be used to fund current core services- the wording is a little complicated. We would suggest going back to 6/30/12 and say that is the current county core services. It's also clear that we want information that is divided between those groups of people identified in Redesign (150% FPL); that the application process can identify cost for that service, and costs for other additional population groups and services. If you gather information correctly you can get information on costs with regards for different scenarios. We also talked about the sustainability plan, which means, to what extent the county has looked to other options for help.

Question: Medicaid expansion is in effect in 2014, and Iowa Cares is going away, the potential impact for sustainability will be huge unless the Medicaid expansion occurs. What role will that play in how sustainability plan should be presented?

Response: The sustainability plan needs to have options and cover different scenarios.

Response: We need to have that kind of direction in the application. Maybe there needs to be something about the dollar amount, like how many dollars from core services will be lost, same from core plus.

Response: DHS suggests using the county management plan, since the core services listed in the bill do not take place until FY2014. They should at least be able to quantify the potential impact. We have talked about not being able to use the funds to expand services. We have had questions about if the county can use funds to subsidize services above what is required. We talked about not funding Medicaid bills. Then there is the question of administrative costs. Another observation that we thought of, is the need to define independently verified in a way that interprets legislative intent. We do not want to make it impossible to fit in the time frame, or give us something we do not need. These are some recommendations are based on internal discussion and questions from Commission.

Question: Transportation came up...is that included in Transition Funds?

Comment: We [the Commission] have a lot of concerns about where services will be available or provided. If they are not provided in the county, it will be a huge issue.

Criteria for regional exemption

DHS does not have information on counties wanting to request a regional exemption.

Response: If a county is granted a waiver, it still must meet all other standards and requirements. Those cannot be waived; they still have to meet all other standards in the law. There are two things subject to definition: producing as good of outcomes as the regions, and as cost effective as regions. To function alone have to show they are meeting requirements, and producing outcomes as effectively and efficiently as regions

Question: Will that have to be on a projective basis?

Answer: There is data now on things like access and penetration rates, but not data on things like consumer outcomes.

Question: How would that imply looking at the effect on the surrounding counties?

Response: The Commission will definitely make that recommendation. We think it is very important they look at that.

Question: Can you look at their county plan and measure that against the core services?

Director Palmer: You have to remember that the core services are defined differently than the current services.

Comment: If we exempt them, it needs to be clear that counties understand what may happen if they choose not to participate.

Question: Does that mean there may be funds withheld?

Director Palmer: Do not go that far, but we projected 133 million over 5 years; the intent was to include funding for including services. A county or region must keep that in mind.

Question: What if there are counties out there that no one wants? There may be counties that we have to place somewhere.

Question: That is a good point raised about outcomes and effectiveness. When compared to what? We need to create a standard moving forward so county needs to be held accountable so the state can repeal their waiver in the future if they aren't meeting standards.

Response: That is something we [the Commission] discussed as well. They need to file an annual report to give director opportunity to make sure client needs are being met and they can continue as a waiver county, or they have to join a region.

Response: If a management plan does not have all core services, you can assume they will not meet the criteria.

Response: Counties need to meet all the criteria in the Code; if they cannot do it then there should not be an opportunity for them to get a waiver.

Question: How assertive should the State and Commission be in encouraging regions?

Response: The intent was to have regions, we do not want to make it impossible, but the Commission feels strongly that everyone should be a part of a region. The Commission was unhappy they included the waiver in the bill. The Regionalization Workgroup from last year wanted everyone to be in a region.

Comment: I do not think you can move forward with either one of these things until you define core services. Both of these [Transition Fund and Exemption waiver] require counties to provide core services. But we have not defined them yet.

Comment: It's vague, does it mean core services or core services plus? Because "core services" is a part of both.

Comment: The Commission is looking at plus as being above/beyond what core services offer.

Comment: But you also talked about having the county management plan define what core services are for each applicant.

Comment: As counties move to core plus it is going back to what we already have. Some counties are offering more than other counties, if we do that we're defeating the purpose of this.

Comment: This means that down the road, counties with core plus services could have less of a chance for money. We have to go back to the intent, we start where we are now, no one loses services, and you start building from that.

Comment: There is not an assumption that those services would not change over time,

Comment: That is different of what is being talked about now, where some people would have to go down to level of core services and then build back up.

Comment: There might be a way we can work around this and get to same place. The Transition Fund would apply to core services only, so the need would be based on getting their core services from one year to another, but not require them to disband what they're doing in core plus. Can you produce all of the Core Services before you produce the Core Plus services? Is there some way they can carve out Core Plus in their request for Transition Funds so some of good things can be preserved?

Comment: If we have the counties identify the funds for core services, and then have them also identify the funds available for core plus services, but if there's money available [in the Transition Fund], they can they access it for those [core plus] services.

Comment: But we need to be sure core services are being met.

Comment: Even if you don't fund them [core plus], you need to know amount of money involved.

Comment: Some counties have a lot of plus services, but are they sustainable over time? We need to bring everyone up to where all the core services are provided and sustainable.

Comment: DHS recommended a 5 year plan to get everyone up to the same level of services that relies on a base of services that are already there. You wouldn't want to take a service down and then rebuild it.

Remarks from Director Palmer:

We have had a very good discussion, and we appreciate the work from the Commission. I believe legislative intent was to have regions for variety of reasons, including the sharing of capacities, economies of scale, sharing risk. The idea is to spread risk, and we are aiming for a target of 250,000, it is similar to how insurance companies work. The intent was to do Regions, the legislature started with a very high bar, but the exception was brought in in the case of something that is exceptional.

Update on progress of the other committees and workgroups

Director Palmer gave the following updates:

Outcomes Workgroup has met, they moved along to developing different domains, and are moving into discussion between process and outcomes measures. The Children's Workgroup meets next week they have a challenging charge which it to create a children's system. The Judicial Workgroup meets this week. We will also put together a Continuum of Care Workgroup.

Public comment

- Comment: My suggestion is that timelines are very short for decision making for setting up some criteria so counties can apply. It is our view that it is very important that the community and stakeholders are on same page as the Department and constituencies; they should be united on what the recommendations should look like. It is important for each to have a collective agreement. Secondly, We do not really know what is included in administrative costs, what is reasonable or functional. The Department has to look at cost effectiveness and needs to know what fixed costs will be for each region. Those administrative costs criteria have to go through the Administrative Rules Committee and they will take a very tough look at this. People will look at administrative costs as taking away services, others will see them as a price of government. We need to support the Department and this committee as they move through a difficult time.
- Comment: I have some concerns with RCFs going away. Some residents are comfortable at that facility, an example would be someone who has been there for 30 years and would have a hard time leaving that setting. We need community settings that don't necessarily exist, there are RCFs so they'd have to move far away, and I do not think that is good for them. If they move to habilitation funded RCF's they have to participate. Where does that leave them if they choose not to participate? The RCF has to discharge them because they do not get funding for services because the client does not participate.
- Comment: There are a few counties that will see a dramatic tax increase for some tax payers when the per capita goes into effect. For us it is about a \$250,000 increase. We are not at maximum levy rate, this increase still would not put us at the maximum, but we are already using a lower tax rate to fund services, and this will make us fund services at a higher cost.
- Response: There is an interim legislative committee that will be meeting to discuss the equalization. Some counties have concerns. This provides opportunities to revisit the pros and cons, and the legislative intent. Thanks for sharing your concerns.
- Comment: I worry about the staffing levels at IME, since moving authorizations to them. I worry about their staffing levels. There is a backlog, and it puts the agency at risk if they don't get payment.
- Comment: People are just worried that too many of the legislators that the job is done. Second, what's the status of the Continuum of Care Workgroup?

Response: We are still putting it together, but RCFs will be represented. We will be dealing with all types of services from acute services, community based services to hospitalization.

For more information:

Handouts and meeting information for each workgroup will be made available at:
<http://www.dhs.state.ia.us/Partners/MHDSRedesign.html>

Website information will be updated regularly and meeting agendas, minutes and handouts for the redesign workgroups will be posted there.